

REPORT OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD FOR 2024

INTRODUCTION

The Audit Committee of the Supervisory Board (the "AC") was established by the decision of the Supervisory Board of the Bank dated 27.04.2020 (the Minutes No. 4_20).

According to the AC Regulation approved by the decision of the Supervisory Board dated 27.03.2020 (the Minutes No. 3_20), **it is a standing committee that performs recommending, advisory and supporting functions** towards the Supervisory Board with particular reference to the periodic evaluation of the adequacy and effectiveness of the overall internal control system of the Bank.

THE AC KEY RESPONSIBILITIES

The AC performs its functions according to **the principles of independence and autonomy**. The AC has, inter alia, **the following responsibilities**:

- to analyze the annual financial statements and quarterly financial reports;
- to review the most important accounting issues, also in relation to complex and/or extraordinary operations;
- to oversee that the establishment of accounting policies by the Bank is in line with the ISP Group standards;
- to monitor the financial reporting process and submit recommendations or proposal to ensure its reliability and integrity;
- to oversee the functionality and reliability of the Bank's procedures ensuring compliance with laws, regulations and the Articles of Association, based on the assessment at least annually by the Compliance, Anti-Money Laundering, Administrative Financial Governance and Internal Audit Functions;
- to monitor compliance with anti-money laundering rules and the comprehensiveness, functionality and adequacy of the anti-money laundering controls;
- to assess the efficiency and adequacy of the Bank's internal control system, by obtaining regular reports from the control functions and local Administrative Financial Governance;
- to perform other tasks and duties stipulated by the applicable legislation of Ukraine.

THE AC COMPOSITION

The composition of the AC Committee is aligned with the requirements of the AC Regulation. The AC consists of **three members** of the Supervisory Board of the **Bank the majority of whom, including its Chairperson, is independent**. The AC can have permanent invitees with an advisory role in reason of their specific expertise, professional experience and corporate seniority, contributing to the qualified and well-grounded discussion, and in general, supporting the AC in performing tasks requiring such specific competences.

As of 31.12.2024 the composition of the AC was as follows:

Chairman

– Mr. Corrado Pietro Maria Casalino (independent)

Members:

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- Ms. Laura Febbraro (independent)
- Mr. Antonio Giovanni Maria Bergaglio

Permanent Invitees:

- Mr. Daniele Davini
- Ms. Giovanna Florio
- Mr. Vittorio Talarico

The Supervisory Board *by its decision dated 23.04.2024, Minutes No.10 24, agenda item 2,* **re-elected the AC composition** considering that on 22.04.2024, the General Shareholders' Meeting took decision (No.3/2024) to terminate powers of all Members of the Supervisory Board due to expiration of powers of composition of the Supervisory Board and to re-elect them for the term of 3 years until the annual General Shareholders' Meeting in 2027.

- Chairman – CASALINO Corrado (Independent Member of the Supervisory Board)
- Member – FEBBRARO Laura (Independent Member of the Supervisory Board)
- Member – BERGALIO Antonio
- Permanent Invitee – DAVINI Daniele
- Permanent Invitee – BIANCHI Deborah
- Permanent Invitee – MIOCCHI Leonardo

The Supervisory Board *by its decision dated 16.09.2024, Minutes No.18 24, agenda item 18,* **approved the changes to the AC composition:**

- To appoint Ms. Giovanna Florio as Permanent Invitee to replace Ms. Deborah Bianchi.
- To appoint Mr. Vittorio Talarico as Permanent Invitee to replace Mr. Leonardo Miocchi.

THE AC MEETINGS HELD IN 2024

Corporate Body	Total number of held meetings	Ordinary (planned) meetings – physical presence, including videoconference	Extraordinary meetings		Ordinary/extraordinary ratio
			Written voting (polling)	Physical presence (videoconference)	
Audit Committee	13	9	4	-	69%/31%

The ordinary (planned) AC **meetings were duly held** in line with the Corporate Bodies meeting calendar for 2024. In case of urgent need, **the extraordinary meetings were convened** via written voting (polling). Average ratio of the ordinary / extraordinary meetings – **69/31%**.

It should be noted that the number of the AC's meetings include the number of "Joint Meetings" of the Risk Management and Audit Committee.

The Chairperson of the AC convened the meetings in presence by means of MS Teams videoconferences as well as proposed to take decisions via written voting. The Chairperson chaired the meetings, defined agendas, ensured their observance, monitored the timely dispatch of materials on agenda items to the AC members, organized the keeping of minutes of the AC meetings.

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THE AC MEMBERS ATTENDANCE OF THE AC MEETINGS IN 2024

AC member	Attendance ratio
Mr. Corrado Pietro Maria Casalino	13/13 (100%)
Ms. Laura Febbraro	12/13 (92%)
Mr. Antonio Giovanni Maria Bergaglio	10/13 (77%)
Average ratio	90%

Based on the results of attendance assessment it should be concluded that the regular record of **attendance** as per meetings is **high, average - 90%** that evidences the **high involvement of the AC members in the activity of the AC**.

THE AC KEY ACTIVITIES IN 2024

The following main topics and the documents were considered by the AC during 2024 and the relevant recommendations on acknowledgement/approval were provided to the Supervisory Board:

- Regular financial results reporting;
- Quarterly reporting package of the Bank;
- Annual financial statements of the Bank;
- Independent auditors' report on the annual financial statements of the Bank;
- Management report;
- Regular reports on compliance, AML, risk management;
- Reports on implementation of the Group's documents;
- Regular reports on implementation of internal audit recommendations;
- Regular reports on activities of the Internal Audit Department;
- Annual/semi-annual report on the internal control system for financial information;
- Report on Control Functions Tableau de Board,
- Agreement with external auditors,
- Unscheduled audits;
- ICAAP documentation,
- Recovery Plan,
- Updated internal documents of the CFO Division, Compliance and AML Department, Internal Audit Department.

EFFECTIVENESS OF THE PROCEDURES AND METHODS USED BY THE AC

The AC operated in accordance with the procedures and methods outlined in the Regulation on the AC, which enabled the effective organization and execution of its assigned responsibilities.

To ensure efficient and effective operations, as well as thorough preparation for informed decision-making, the Chairperson and Members of the AC maintained active cooperation with key functions of the Bank, including the Management Board, Internal Audit Department, Risk Management Department, Compliance and AML Department, CFO Division, HR and Organization Department, and the Supervisory Board.

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ASSESSMENT OF THE INDEPENDENCE OF AUDIT ENTITY THAT PROVIDE STATUTORY AUDIT SERVICES

The external auditor of the Bank, **“Ernst and Young Audit Services” LLC**, is listed in the **Register of Auditors and Auditing Entities of Ukraine**.

On **October 29, 2020**, the Supervisory Board of the Bank approved **“Ernst and Young Audit Services” LLC** as the external auditor for the period **2021–2027**, for the purpose of auditing the Bank's financial statements.

“Ernst and Young Audit Services” LLC has conducted the statutory audits of the Bank's annual financial statements for **2021, 2022, and 2023**. Throughout this period, the auditor has complied with all legislative requirements concerning auditor independence. No violations of independence requirements have been identified.

The Members of the AC are not aware of any facts or circumstances that would compromise the independence of the external auditor during the audits of the Bank's annual financial statements.

The external auditor adhered to the **independence and ethical requirements** set out in the **Code of Ethics for Professional Accountants**, issued by the **International Ethics Standards Board for Accountants (IESBA)**. This Code is based on the fundamental principles of **integrity, objectivity, professional competence and due care, confidentiality, and professional behavior**.

The independence of the external auditor is further confirmed in the audit report issued by **“Ernst and Young Audit Services” LLC**.

CONCLUSION

The AC has diligently performed its oversight duties in 2024, ensuring that the Bank's financial integrity, compliance with regulatory standards, and operational effectiveness are maintained at the highest level.

Looking ahead, the AC intends to continue fulfilling its responsibilities in line with applicable legislative requirements and the Regulation on the AC, while providing effective support to the Supervisory Board with the focus on ensuring the Bank's operations remain transparent, efficient, and compliant with all applicable regulations in the year ahead.

On the behalf of the Committee

Mr. Corrado Casalino
Chairperson of the Audit Committee of
the Supervisory Board

April 2025.